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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA
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12 STERIL-AIRE, INC., a Nevada
corporation,,

13 Plaintiff,
14

15 vs.

16 FIRST LIGHT TECHNOLOGIES, INC.,
a Vermont corporation; and UV
17 RESOURCES, LLC, a California
corporation; and FORREST B. FENCL, a
California individual,
18

19 Defendants.
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Case No. SACV08-00682 AHS (ANx)

**COMPLAINT FOR INJUNCTIVE
RELIEF AND DAMAGES**

DEMAND FOR JURY TRIAL

FILED
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CLERK OF DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

1 Plaintiff Steril-Aire, Inc. ("Steril-Aire") alleges as follows:

2 1. This action arises from Defendants' orchestrated scheme to engage in the
3 unauthorized manufacture, marketing, use, and/or sale of Steril-Aire's patented,
4 original, distinctive, and recognizable line of germicidal lamps. Defendants' lamps
5 infringe Steril-Aire's trademarks and trade dress rights, constitute unfair competition
6 under federal and state law, and constitute breach of contract under state law.
7 Defendants' marking of Steril-Aire's patent numbers on their products constitutes false
8 marking under federal law. Steril-Aire seeks to enjoin Defendants' actions and recover
9 damages, as set forth below.

10 **I. JURISDICTION AND VENUE**

11 2. This Court has original subject matter jurisdiction over the federal law
12 claims in this action pursuant to 35 U.S.C. § 1 *et seq.*, 15 U.S.C. § 1127 *et seq.*, 15
13 U.S.C. § 1501 *et seq.*, and 28 U.S.C. §§ 1331 and 1338. This Court has jurisdiction
14 over the state law claims in this action pursuant to 28 U.S.C. § 1367(a) because the state
15 law claims are so related to the federal claims that they form part of the same case or
16 controversy and derive from a common nucleus of operative facts.

17 3. This Court also has jurisdiction over this dispute pursuant to 28 U.S.C.
18 § 1332(a) in that the amount in controversy exceeds the sum or value of \$75,000,
19 exclusive of interest and costs, and diversity of citizenship exists among the parties.

20 **II. THE PARTIES**

21 4. Steril-Aire is a corporation duly organized and existing under the laws of
22 the State of Nevada.

23 5. Steril-Aire is informed and believes that Defendant First Light
24 Technologies, Inc. ("First Light"), is a corporation duly organized and existing under
25 the laws of the State of Vermont. Steril-Aire is further informed and believes that First
26 Light otherwise does business in the Central District of California.

1 6. Steril-Aire is informed and believes that Defendant UV Resources is a
2 corporation duly organized and existing under the laws of the State of California. Steril-
3 Aire is further informed and believes that UV Resources otherwise does business in the
4 Central District of California.

5 7. Steril-Aire is informed and believes that Defendant Forrest Fencil is an
6 individual residing in Huntington Beach, California. Steril-Aire is further informed and
7 believes that Forrest Fencil otherwise does business in the Central District of California.

8 **III. STERIL-AIRE'S LINE OF GERMICIDAL LAMPS**

9 8. Steril-Aire is a leading U.S. manufacturer and distributor of a line of
10 ultraviolet emitters ("UVC Emitters®") that improve indoor air quality by eliminating
11 mold and infectious diseases from heating, ventilation, air conditioning, and
12 refrigeration systems.

13 9. Steril-Aire first introduced its proprietary UVC Emitters® in 1995. It was
14 the first company to engineer a line of UVC Emitters® that were specifically designed
15 for use by the HVAC and refrigeration industries. Steril-Aire's UVC Emitters® contain
16 unique features and are manufactured in specific size configurations that are not
17 available from other suppliers, and are entitled to trade dress protection. As a result of
18 its innovation and quality, Steril-Aire's products are used in thousands of commercial
19 buildings and private homes throughout the United States.

20 10. Steril-Aire's innovation in engineering and product development have
21 earned its products several United States patents, including U.S. Patent Nos. 5,334,347,
22 5,817,276, 6,245,293, 6,267,924, 6,313,470, 6,627,000, and 5,866,076 as well as
23 numerous awards for improving system cleanliness, efficiency, building comfort, and
24 energy conservation.

25 11. Steril-Aire has sought and maintained registered trademark protection for
26 the name "Steril-Aire®" including the logo used to depict the name. The Steril-Aire
27 trademarks are protected under U.S. Trademark Registration Nos. 2948085, 3008555,
28 and 2230366.

1 12. Steril-Aire's products utilize a distinctive blue color for the ends of its
2 UVC Emitters® that is entitled to trade dress protection.

3 **IV. STERIL-AIRE'S CONTRACT WITH FIRST LIGHT**

4 13. Steril-Aire is informed and believes that First Light is a manufacturer of
5 standard and custom germicidal lamps and complementary products including quartz
6 sleeves, ceramic bases, and ballasts.

7 14. Around August 1997, the then president of Steril-Aire, Forrest Fencil,
8 negotiated an agreement with First Light to manufacture custom germicidal lamps for
9 Steril-Aire. In order to preserve the proprietary nature of the plans and specifications
10 for making the Steril-Aire lamps, Steril-Aire and First Light executed a Confidential
11 Disclosure Agreement. As part of this agreement, First Light agreed to "make all
12 reasonable efforts to maintain the Confidential Information as confidential and secret."
13 Attached hereto as Exhibit "A" is a true and correct copy of the Confidential Disclosure
14 Agreement.

15 15. First Light further agreed that it would "use [Steril-Aire's] Confidential
16 Information only in furtherance of its business relationship with [Steril-Aire's]." See
17 Exhibit "A."

18 16. At no time since entering into the August 1997 agreement, has First Light
19 been an authorized distributor of Steril-Aire.

20 **V. FIRST LIGHT'S UNAUTHORIZED MANUFACTURING AND SALE OF**
21 **STERIL-AIRE'S PROPRIETARY LAMPS TO THIRD-PARTY VENDORS**
22 **INCLUDING UV RESOURCES AND FORREST FENCIL**

23 17. Steril-Aire is informed and believes that First Light manufactured,
24 distributed, and sold germicidal lamps using the confidential plans and specifications
25 provided to First Light by Steril-Aire.

26 18. Steril-Aire is informed and believes that First Light, in conscious disregard
27 to its contractual obligations to Steril-Aire, has, and continues to manufacture,
28 distribute, and sell these lamps to third-parties, including Defendants UV Resources and

1 Forrest Fencel, who are not authorized distributors of Steril-Aire. The third-party
2 vendors have sold Steril-Aire lamps significantly below the sales price of the lamps
3 when sold by Steril-Aire or its authorized distributors.

4 19. Indeed, Steril-Aire is informed and believes that when Dr. Robert Scheir,
5 Steril-Aire's current president, confronted Kenneth Ell, First Light's president, about his
6 company's unauthorized sale of Steril-Aire lamps, Mr. Ell admitted that First Light was
7 manufacturing, distributing, and selling Steril-Aire lamps to third-parties because First
8 Light was not making enough money just selling to Steril-Aire.

9 20. Steril-Aire is informed and believes that Defendants First Light, UV
10 Resources and Forrest Fencel have participated in an orchestrated scheme to
11 manufacture, distribute, and sell these lamps on the UV Resources website at prices
12 significantly below the sales price of the lamps when sold by Steril-Aire or its
13 authorized distributors. Attached hereto as Exhibit "B" is a true and correct copy of a
14 webpage printout from UV Resources' website.

15 21. Steril-Aire is informed and believes that Defendants UV Resources and
16 Forrest Fencel claim to be distributing and selling an exact Steril-Aire lamp replacement.
17 Indeed as stated on the UV Resources website:

18 "Given our unique experiences, buyers of UV-C lamps on this
19 new page are assured they're receiving an exact OEM style
20 replacement for their fixtures, and they can even make credit
21 card purchases."

22 Fencel, President of UV Resources added, "Finally all UV-C
23 users have the opportunity to buy top brand lamp products at
24 the best price so they can 're-lamp' annually (as most fixture
25 manufacturers recommend) without the typical budget issues."

26 Attached hereto as Exhibit "C" is a true and correct copy of select pages from a
27 webpage printout from UV Resources' website.

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VI. STERIL-AIRE'S SETTLEMENT AGREEMENT WITH FORREST FENCL

22. In August 2003, Steril-Aire entered into a settlement agreement with Forrest Fencl, the former president of Steril-Aire, related to Mr. Fencl's termination of employment.

23. As part of the settlement agreement, Mr. Fencl agreed not to make or support any statements that suggest or assert he has an ownership right in the Steril-Aire patents. In exchange for this and other provisions, Steril-Aire paid Mr. Fencl valuable consideration.

24. The settlement agreement did not permit Mr. Fencl to sell or distribute Steril-Aire products or to hold himself out as connected in any way to Steril-Aire.

VII. FENCL'S RELATIONSHIP WITH UV RESOURCES

25. Steril-Aire is informed and believes that UV Resources is a corporation founded and operated by Forrest Fencl. Mr. Fencl is president and the registered agent of UV Resources. UV Resources is in the business of marketing and selling germicidal lamps and their component parts or complementary accessories including replacement lamps.

26. UV Resources is not and has never been an authorized distributor of Steril-Aire products.

27. Steril-Aire is informed and believes that UV Resources has sold and is offering to sell Steril-Aire replacement lamps under the brand name "Sterile-Air®." See Exhibit "B".

28. Steril-Aire is informed and believes that UV Resources claims their lamps to be an exact Steril-Aire replacement. See Exhibit "C".

29. Steril-Aire is informed and believes that UV Resources has sold and is offering to sell replacement lamps and UV lamp fixtures, the latter being marked with U.S. Patent Nos. 5,334,347; 5,817,376 [sic: the Steril-Aire patent number is 5,817,276]; 6,245,924 [sic: the Steril-Aire patent numbers are 6,245,293 and 6,267,924]; 6,313,470;

1 and 6,627,000. These patents are all assigned to Steril-Aire. Attached hereto as Exhibit
 2 “D” is a true and correct copy of the label affixed to the UV Resources lamp fixture.

3 30. Steril-Aire is informed and believes that Forrest Fencil and UV Resources,
 4 in conscious disregard to Mr. Fencil’s contractual obligations to Steril-Aire, has, and
 5 continues to falsely mark fixtures with Steril-Aire’s patent numbers, and with the
 6 erroneous patent numbers 5,817,376 and 6,245,924, with the intent to deceive the
 7 public.

8 31. Steril-Aire is informed and believes that Forrest Fencil, as the former
 9 president of Steril-Aire, had access to Steril-Aire’s confidential customer list.

10 32. Steril-Aire is informed and believes that Defendants are improperly using
 11 Steril-Aire’s confidential customer list to further their scheme of selling UVC lamps in
 12 violation of the Steril-Aire/First Light agreement and in violation of Mr. Fencil’s duty to
 13 keep Steril-Aire’s customer list confidential.

14 **FIRST CAUSE OF ACTION**

15 **TRADEMARK INFRINGEMENT, TRADE DRESS INFRINGEMENT,** 16 **FEDERAL UNFAIR COMPETITION AND FALSE DESIGNATION OF ORIGIN**

17 **(Lanham Act § 43(a), 15 U.S.C. § 1125(a))**

18 33. Steril-Aire re-alleges and incorporates the allegations set forth in
 19 paragraphs 1 through 32 herein.

20 34. On information and belief, Defendants, with full knowledge of Steril-
 21 Aire’s rights in the trademarks and trade dress of the Steril-Aire lamps, and of the
 22 valuable goodwill associated therewith, have committed the acts alleged herein
 23 willfully, with the intent to trade on, or in complete disregard of, Steril-Aire’s goodwill
 24 and the goodwill associated with Steril-Aire’s trademarks and trade dress through
 25 Defendants’ manufacturing, sale, and marketing of the Steril-Aire lamps.

26 35. Defendants’ use of “Sterile-Air®” is an unauthorized use of Steril-Aire’s
 27 distinctive and source identifying trademarks and trade dress in the Steril-Aire lamps
 28 and falsely indicates that Steril-Aire or its agents are connected with, sponsored,

1 endorsed, authorized, or approved by, or affiliated with Defendants, or that Defendants
2 are connected with, sponsored, endorsed, authorized, or approved by, or affiliated with
3 Steril-Aire.

4 36. Defendants' use of Steril-Aire's trademarks and trade dress in and to the
5 Steril-Aire lamps, is likely to cause confusion, mistake or deception as to the source or
6 affiliation of Defendants' goods and services.

7 37. Defendants' unauthorized use of Steril-Aire's trademarks and trade dress in
8 the Steril-Aire lamps in connection with Defendants' goods and services allows
9 Defendants to receive the benefit of Steril-Aire's goodwill, which Steril-Aire has
10 established at great labor and expense, and further allows Defendants to gain acceptance
11 of its goods and services, based not on their own qualities and ingenuity, but on the
12 reputation, investment, hard work and goodwill of Steril-Aire.

13 38. The acts of Defendants complained of herein constitute a false designation
14 of origin and infringement, in violation of Section 43(a) of the Lanham Act, 15 U.S.C.
15 § 1125(a).

16 39. The acts of Defendants complained of herein were committed willfully.

17 40. As a result of the foregoing alleged actions of Defendants, Defendants are
18 being unjustly enriched and Steril-Aire has been and is being injured and damaged,
19 which will be proven at trial. Unless the foregoing alleged actions of Defendants are
20 enjoined, Steril-Aire will continue to suffer injury and damage.

21 **SECOND CAUSE OF ACTION**

22 **TRADEMARK INFRINGEMENT, TRADE DRESS**

23 **INFRINGEMENT AND UNFAIR COMPETITION**

24 **(Common Law of California)**

25 41. Steril-Aire re-alleges and incorporates the allegations set forth in
26 paragraphs 1 through 32 herein.

27 42. The acts of Defendants complained of herein constitute infringement and
28 unfair competition in violation of the common law of California.

1 43. On information and belief, Defendants, with full knowledge of Steril-
2 Aire's rights in the trademarks and trade dress of the Steril-Aire lamps, and of the
3 valuable goodwill associated therewith, has committed the acts alleged herein willfully,
4 with the intent to trade on, or in complete disregard of, Steril-Aire's goodwill and the
5 goodwill associated with Steril-Aire's trademarks and trade dress through Defendants'
6 manufacturing, sale, and marketing of the Steril-Aire lamps.

7 44. As a result of the foregoing alleged actions, Defendants have been unjustly
8 enriched, and Steril-Aire has been injured and damaged. Unless the foregoing alleged
9 actions of Defendants are enjoined, Steril-Aire will continue to suffer injury and
10 damage.

11 45. As a direct and proximate result of Defendants' acts of unfair competition,
12 Defendants have obtained and continue to obtain gains, profits, and advantages, which
13 will be proven at trial.

14 **THIRD CAUSE OF ACTION**

15 **BREACH OF THE STERIL-AIRE/FIRST LIGHT CONFIDENTIAL**
16 **DISCLOSURE AGREEMENT**

17 46. Steril-Aire re-alleges and incorporates the allegations set forth in
18 paragraphs 1 through 32 herein.

19 47. Steril-Aire has performed all the terms and conditions that it was obligated
20 to perform as part of the Steril-Aire/First Light Confidential Disclosure Agreement.

21 48. First Light's unauthorized manufacture and sale of Steril-Aire products
22 manufactured with Steril-Aire's proprietary information has caused and will continue to
23 cause unjust enrichment to First Light and the unauthorized third-parties, including
24 Defendants UV Resources and Forrest Fencil, who are distributing the unauthorized
25 lamps. First Light's unauthorized manufacture and sale of Steril-Aire products has
26 caused and will continue to cause injuries and damages to Steril-Aire, which will be
27 proven at trial.

28

1 **FOURTH CAUSE OF ACTION**

2 **BREACH OF THE FENCL/STERIL-AIRE SETTLEMENT AGREEMENT**

3 49. Steril-Aire re-alleges and incorporates the allegations set forth in
4 paragraphs 1 through 32 herein.

5 50. Mr. Fencil's and UV Resources' unauthorized distribution of Steril-Aire
6 products bearing the Steril-Aire trademarks, trade dress, and patent numbers has caused
7 and will continue to cause unjust enrichment to Defendants by suggesting that Mr. Fencil
8 and UV Resources are an authorized distributor, owner, or licensee of Steril-Aire. Mr.
9 Fencil's and UV Resources' sale of Steril-Aire products has caused and will continue to
10 cause injuries and damages to Steril-Aire, which will be proven at trial.

11 **FIFTH CAUSE OF ACTION**

12 **UNFAIR COMPETITION**

13 **(California Unfair Competition Statute, Cal. Bus. Code § 17200 et seq.)**

14 51. Steril-Aire re-alleges and incorporates the allegations set forth in
15 paragraphs 1 through 32 herein.

16 52. Through its manufacture and sale of Steril-Aire's lamps, Defendants are
17 making unauthorized commercial use of Steril-Aire's distinctive and source identifying
18 trademarks and trade dress, patent numbers, confidential technical information, and
19 confidential customer information, in a deliberate, willful, intentional, and wrongful
20 attempt to trade off Steril-Aire's goodwill, reputation, and financial investment in these
21 designs.

22 53. By reason of the conduct described above, Defendants have engaged in
23 unlawful, unfair and/or fraudulent ongoing business practices.

24 54. As a direct result of Defendants' unfair competition, Defendants have
25 unlawfully acquired, and continue to acquire on an on-going basis, an unfair
26 competitive advantage and have engaged, and continue to engage, in wrongful business
27 conduct to their advantage and to the detriment of Steril-Aire.

55. The acts of Defendants complained of herein constitute unfair competition in violation of the California Unfair Competition Statue, Cal. Bus. & Prof. Code § 17200, as they are likely to deceive and mislead the public.

56. As a result of the foregoing alleged actions of Defendants, Defendants have been unjustly enriched, and Steril-Aire has been injured and damaged, which will be proven at trial. Unless the foregoing alleged actions of Defendants are enjoined, Steril-Aire will continue to suffer injury and damage.

**SIXTH CAUSE OF ACTION
FOR PATENT FALSE MARKING MARK
(35 U.S.C. § 292)**

57. Steril-Aire re-alleges and incorporates the allegations set forth in paragraphs 1 through 32 herein.

58. On information and belief, Defendants Forrest Fencel and UV Resources, with full knowledge of Steril-Aire's rights to its patents, and with full knowledge of Mr. Fencel's contractual obligations to Steril-Aire, have willfully and falsely marked Steril-Aire's patent numbers on UV Resources' UV lamp fixtures.

59. Forrest Fencil and UV Resources' false marking was done with the intent to deceive the public, and to induce the public into believing that Forrest Fencil and UV Resources' fixtures were and are made, offered for sale, sold, or imported into the United States by or with the consent of Steril-Aire.

60. The acts of Forrest Fencil and UV Resources complained of herein constitute patent false marking in violation of the Patent Act, 35 U.S.C. § 292.

61. The acts of Forrest Fencel and UV Resources complained of herein were committed willfully.

62. As a result of the foregoing alleged actions of Forrest Fencel and UV Resources, Defendants are being unjustly enriched and Steril-Aire has been and is being injured and damaged. Unless the foregoing alleged actions of Defendants are enjoined, Steril-Aire will continue to suffer injury and damage.